

April 17, 2006

**OIL AND GAS DOCKET NO. 06-0246690**

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**APPLICATION OF GEO-VEST OF TEXAS, INC. TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED PEATOWN (COTTON VALLEY, LOWER) FIELD, GREGG COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** April 7, 2006

**APPEARANCES:**

Bob Tierney  
Randy Earley

**REPRESENTING:**

Geo-Vest of Texas, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Geo-Vest of Texas, Inc. for a new field designation and field rules for the proposed Peatown (Cotton Valley, Lower) Field which provide for:

1. The entire combined correlative interval from 11,120' to 12,145' as shown on the Array Induction Shallow Focused Electric Log of the Geo-Vest, Inc., Griffin Ranch #1 Lease Well No. 5 (API No. 42-183-31793), Eleanor Bradley LG. Survey, A-17, Gregg County, Texas should be designated as the Peatown (Cotton Valley, Lower) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

It is also requested that any overproduction be cancelled. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The proposed Peatown (Cotton Valley, Lower) Field was discovered on October 5, 2005, by completion of the Geo-Vest of Texas, Inc., Griffin Ranch G.U. 1 Well No. 5 through perforations from 11,884' to 12,045' subsurface depth. The well is completed in the Cotton Valley Lime. The well initially potentialled at a highest rate of 302 MCFD and an absolute open flow potential of 381 MCFD. The calculated bottomhole pressure was 4,684 psig.

The proposed Peatown (Cotton Valley, Lower) Field is a new field designation because the closest Cotton Valley Lime production is over 3 miles away. The predominant production in the area is from the Danville Fields which include the Gloyd/Young/Travis Peak Formations. The Cotton Valley wells within 2.5 miles are producing from the Cotton Valley "Sand" interval and specifically what is known as the "Taylor Sand" which is in the lowest section of the gross Cotton Valley sand series. The Cotton Valley Lime is several hundred feet lower than the more prominent Taylor Sand. The entire combined correlative interval from 11,120' to 12,145' as shown on the Array Induction Shallow Focused Electric Log of the Geo-Vest, Inc., Griffin Ranch #1 Lease Well No. 5 (API No. 42-183-31793), Eleanor Bradley LG. Survey, A-17, Gregg County, Texas should be designated as the Peatown (Cotton Valley, Lower) Field.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

The cancellation of any overproduction will not harm correlative rights as this is the only well in the field.

#### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The proposed Peatown (Cotton Valley, Lower) Field was discovered on October 5, 2005, by completion of the Geo-Vest of Texas, Inc., Griffin Ranch G.U. 1 Well No. 5 through perforations from 11,884' to 12,045' subsurface depth.
4. The proposed Peatown (Cotton Valley, Lower) Field is a new field designation because the closest Cotton Valley Lime production is over 3 miles away.
5. The entire combined correlative interval from 11,120' to 12,145' as shown on the Array Induction Shallow Focused Electric Log of the Geo-Vest, Inc., Griffin Ranch #1 Lease Well No. 5 (API No. 42-183-31793), Eleanor Bradley LG. Survey, A-17, Gregg County, Texas should be designated as the Peatown (Cotton Valley, Lower) Field.
6. Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.
  - a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

7. The cancellation of any overproduction will not harm correlative rights as this is the only well in the field.

**CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Adoption of the proposed new field designation and field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed new field designation and field rules for the Peatown (Cotton Valley, Lower) Field.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel